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北京能源國際控股有限公司

Beijing Energy International Holding Co., Ltd.

(Incorporated in Bermuda with limited liability)

(Stock code: 686)

**DISCLOSEABLE TRANSACTION
ENGINEERING, PROCUREMENT AND
CONSTRUCTION CONTRACT RELATING TO 75MW
AGRICULTURAL-PHOTOVOLTAIC COMPLEMENTARY
PHOTOVOLTAIC POWER GENERATION PROJECT
IN YUNNAN PROVINCE, THE PRC**

THE EPC CONTRACT

On 10 January 2024, Jingneng Yuanjiang, a non wholly-owned subsidiary of the Company, as the principal, entered into the EPC Contract with the Consortium, as the contractors. Pursuant to the EPC Contract, the Consortium will provide EPC services to Jingneng Yuanjiang for the construction of the EPC Project. The contract price under the EPC Contract amounted to approximately RMB280 million (tax inclusive).

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the entering into of the EPC Contract exceeds 5% but is less than 25%, the entering into of the EPC Contract constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 10 January 2024, Jingneng Yuanjiang, a non wholly-owned subsidiary of the Company, as the principal, entered into the EPC Contract with the Consortium, as the contractors. Pursuant to the EPC Contract, the Consortium will provide EPC services to Jingneng Yuanjiang for the construction of the EPC Project. The contract price under the EPC Contract amounted to approximately RMB280 million (tax inclusive).

THE EPC CONTRACT

The principal terms of the EPC Contract are set out as below:

Date: 10 January 2024

Parties: (i) Jingneng Yuanjiang (as the principal)
(ii) Consortium (as the contractors)

Subject Matter: The Consortium agreed to serve as the EPC contractors to provide EPC services to Jingneng Yuanjiang for the construction of the EPC Project. The EPC services under the EPC Contract include, among others, the survey, design, procurement of equipment and materials, construction and installation, testing and acceptance works. The Consortium shall be responsible for all the relevant expenses incurred for the construction of the EPC Project.

In addition, the Consortium shall also be responsible for the design, procurement of equipment and materials and engineering, procurement and construction of, among others, the photovoltaic field, booster station, main transformer and interval matching in the opposite booster station in the EPC Project.

The Consortium shall implement and complete the construction of the EPC Project in accordance with the EPC Contract and remedy any failure or defects during the one-year warranty period of the EPC Project carried out under the EPC Contract.

Construction Period: The construction of the EPC Project shall commence upon the written notice from Jingneng Yuanjiang, and is expected to complete within 114 calendar days from the date on which the written notice has been served under the EPC Contract.

Contract Price and
Payment Method:

The contract price under the EPC Contract is approximately RMB280 million (tax inclusive) which consists of equipment and materials payment, construction and installation payment, design and consulting payment and other fees, the details of the payment structure are as follow:

Payments & fees	Approximately RMB' million
1. Equipment and materials payment	189
2. Construction and installation payment	77
3. Design and consulting payment	2
4. Other fees	<u>12</u>
Total	<u><u>280</u></u>

The payment shall be settled as follows:

(i) Advance Payment

20% of the contract price under the EPC Contract as advance payment (the “**Advance Payment**”) shall be paid to the Consortium upon the fulfillment of the following conditions, including (i) the EPC Contract being signed and effective; (ii) the receipt of the letter of performance guarantee (equivalent to 10% of the contract price under the EPC Contract) and the letter of advance payment guarantee (equivalent to 10% of the contract price under the EPC Contract), which are unconditional, irrevocable, irrefutable and payable on demand; and (iii) the issue of valid receipts with equivalent amounts by the Consortium to Jingneng Yuanjiang.

(ii) Milestone Payment

Based on the progress of the project and the receipt of the relevant invoice(s), Jingneng Yuanjiang shall pay to the Consortium with respect to the construction and installation payment, equipment and materials payment, design and consulting payment and other fees. In furtherance to the above, Jingneng Yuanjiang shall pay up to 97% of the construction and installation payment, up to 95% of the equipment and materials payment, up to 95% of the design and consulting payment and up to 100% of the other fees upon the fulfilment of certain conditions set out under the EPC Contract, including, among others, achieving satisfactory results from the inspection by Jingneng Yuanjiang of the completed project and obtaining relevant compliance approvals (if applicable).

(iii) Quality Assurance Fund

3% of the construction and installation payment, 5% of the equipment and materials payment and 5% of the design and consulting payment under the EPC Contract shall be retained by Jingneng Yuanjiang as quality assurance fund and paid to the Consortium (after deduction of any part thereof pursuant to the EPC Contract) until the expiration of the one-year warranty period, which is one year starting from the date of the acceptance of the construction subject to the fulfillment of the following conditions:

- (1) resolving all defects of the construction works within the warranty period and a quality confirmation letter issued by Jingneng Yuanjiang;

- (2) meeting the agreed technical standards stated in the EPC Contract. If there is quality issue, the Consortium shall complete the quality repairs in accordance with the EPC Contract; and
- (3) before the expiration of the warranty period under the EPC Contract, with respect to any equipment with warranty period exceeding one year, the unconditional transfer of the rights to the quality assurance obligation of the relevant suppliers of such equipment by the Consortium to Jingneng Yuanjiang. All equipment and materials procurement contracts signed by the Consortium shall expressly specify the warranty period, the technical parameters for quality assurance, and that the supplier shall be responsible to Jingneng Yuanjiang for quality assurance and the Consortium shall be responsible for coordinating with the equipment supplier to coordinate quality assurance before the overall production and transfer of the EPC Project.

Performance Guarantee:

Under the EPC Contract, the Consortium shall provide a standalone letter of performance guarantee issued by a commercial bank (as agreed upon by Jingneng Yuanjiang) with an amount equivalent to 10% of the contract price under the EPC Contract (the “**Letter of Performance Guarantee**”) within 30 days after the EPC Contract becomes effective, to guarantee the due performance by the Consortium of their obligations under the EPC Contract. In the event the provision of the Letter of Performance Guarantee is overdue, the Consortium shall pay to Jingneng Yuanjiang penalty in the amount of 0.01% of the contract price for each day overdue. In the event the provision of the Letter of Performance Guarantee is overdue by more than 60 days, Jingneng Yuanjiang is entitled to terminate the EPC Contract and the Consortium will be responsible for any losses incurred thereunder.

The validity period of the Letter of Performance Guarantee shall expire upon Jingneng Yuanjiang's issuance of certificate confirming the completion and acceptance of the construction.

In the event that the construction fails to pass the completion and acceptance inspection within 30 days before the expiration of the Letter of Performance Guarantee (the "**Reference Date**"), the Consortium shall proceed with the renewal procedure for the Letter of Performance Guarantee. In the event the renewal of the Letter of Performance Guarantee is overdue by the aforesaid deadline, the Consortium shall pay to Jingneng Yuanjiang penalty in the amount of 0.01% of the contract price for each day overdue. In the event the provision of the renewed Letter of Performance Guarantee is overdue by more than 20 days from the Reference Date, Jingneng Yuanjiang is entitled to terminate the EPC Contract and the Consortium will be responsible for any losses incurred thereunder.

Advance Payment
Guarantee:

Under the EPC Contract, after the EPC Contract becomes effective and prior to Jingneng Yuanjiang's payment of the Advance Payment to the Consortium, the Consortium shall provide a standalone letter of advance payment guarantee issued by a commercial bank (as agreed upon by Jingneng Yuanjiang) with an amount equivalent to the Advance Payment, to guarantee that the Advance Payment will be used in accordance with the terms of the EPC Contract ("**Letter of Advance Payment Guarantee**").

The Letter of Advance Payment Guarantee shall be released once the Advance Payment is fully utilised along the progress of the project in accordance with the terms of the EPC Contract. In the event that the Advance Payment has not been fully utilised 30 days before the expiry of the Letter of Advance Payment Guarantee, the Consortium shall renew the Letter of Advance Payment Guarantee within 10 working days, otherwise Jingneng Yuanjiang is entitled to enforce the Letter of Advance Payment Guarantee on demand and deduct the Advance Payment therefrom.

Escrow Account: The Consortium shall establish an escrow account (the “**Escrow Account**”) for receiving certain payments under the EPC Contract, which shall be jointly managed by Jingneng Yuanjiang and the Consortium, and subject to the terms specified in the EPC Contract. The usage of the fund in the Escrow Account shall be approved by Jingneng Yuanjiang and for the sole purpose of the EPC Project.

BASIS FOR DETERMINATION OF THE CONTRACT PRICE UNDER THE EPC CONTRACT

The contract price under the EPC Contract was determined by the parties after arm’s length negotiation and through a tendering selection process. In particular, the Company has considered the following factors during the selection of the contractors and the determination of the relevant contract price: (i) the design and construction proposal submitted; (ii) the track record of the candidates of contractor on performing similar projects; (iii) the size of operation, manpower and financial performance of the candidates of contractors; (iv) the expected power capacity (measured in MW) of the EPC Project; and (v) the prevailing market price of the provision of similar EPC services.

REASONS FOR AND BENEFITS OF ENTERING INTO THE EPC CONTRACT

Having considered the development and the expected return from the investment in photovoltaic industry in the PRC, the Company is optimistic about the prospect of such industry in the foreseeable future.

The Group has accelerated the pace of scale expansion development of clean energy and expansion of the scale of the renewable power business, which has been one of the key focuses of the Group in this regard. To the best of the Directors’ knowledge, the members of the Consortium are well-established companies with substantial experience in the construction and development of photovoltaic power generation projects in the PRC. The entering into of the EPC Contract would be in line with the national policies in terms of layout of sizeable power bases and will enable the Company to further expand its scale of business in photovoltaic power plant in the renewable energy industry and diversify the clean energy portfolio through the construction of quality photovoltaic power generation projects so as to enhance returns to the Shareholders.

In view of the above, the Directors have reviewed the EPC Contract and are of the view that the terms and conditions of the EPC Contract are fair and reasonable and the transaction contemplated thereunder is entered into on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

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INFORMATION OF THE PARTIES

The Company is a company incorporated in Bermuda with limited liability, whose shares are listed on the main board of the Stock Exchange (stock code: 686) and is an investment holding company operating its business through its subsidiaries. The Group is principally engaged in the development, investment, operation and management of power plants and other clean energy projects.

Jingneng Yuanjiang is a company established in the PRC with limited liability and is a non wholly-owned subsidiary of the Company. It is primarily engaged in power generation business, power transmission business and power supply (distribution) business.

CCFB is a company established in the PRC with limited liability and is primarily engaged in, among others, mechanical and electrical engineering, construction engineering, municipal public works, petrochemical engineering, engineering, procurement and construction of communication project, electronic and intelligent engineering, railway track laying and beam erection project and fire protection facilities engineering. As at the date of this announcement, to the best information of the Directors, CCFB is owned as to approximately 51.7% by China Construction Fifth Engineering Division Corp. Ltd.* (中國建築第五工程局有限公司), which in turn is a wholly-owned subsidiary of China State Construction Engineering Corporation Limited (中國建築股份有限公司, a joint stock company established in the PRC, the shares of which are listed on the Shanghai Stock Exchange (stock code: 601668), approximately 29.6% by CCB Financial Asset Investment Co., Ltd.* (建信金融資產投資有限公司), which in turn is a wholly-owned subsidiary of China Construction Bank Corporation, the H shares of which are listed on the Stock Exchange (stock code: 939), and the A shares and domestic preference shares of which are listed on the Shanghai Stock Exchange (A shares stock code: 601939 and domestic preference shares stock code: 360030), and approximately 18.7% by ICBC Financial Asset Investment Co., Ltd.* (工銀金融資產投資有限公司), which is in turn wholly-owned by Industrial and Commercial Bank of China Limited* (中國工商銀行股份有限公司), a joint stock company established in the PRC with limited liability, the H shares and offshore preference shares of which are listed on the Stock Exchange (H shares stock code: 1398 and USD preference shares stock code: 4620), and the A shares and domestic preference shares of which are listed on the Shanghai Stock Exchange (A shares stock code: 601398 and domestic preference shares stock codes: 360011, 360036).

Kunming Engineering is a company established in the PRC with limited liability and is primarily engaged in power generation design, consultancy, engineering and construction. As at the date of this announcement, to the best information of the Directors, Kunming Engineering is a wholly-owned subsidiary of Power Construction Corporation of China, Ltd.* (中國電力建設股份有限公司), a joint stock company established in the PRC with limited liability, with its A shares listed on Shanghai Stock Exchange (stock code: 601669).

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, each member of the Consortium and their ultimate beneficial owners are Independent Third Parties of the Company and not connected persons of the Company as at the date of this announcement.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings as set out below:

“Board”	the board of Directors of the Company
“CCFB”	China Construction Fifth Bureau Installation Engineering Co., Ltd.* (中建五局安裝工程有限公司), a company established in the PRC with limited liability
“Company”	Beijing Energy International Holding Co., Ltd., a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 686)
“connected persons”	has the meaning ascribed thereto under the Listing Rules
“Consortium”	a consortium comprising CCFB (as the consortium leader) and Kunming Engineering (as the consortium member)
“Director(s)”	director(s) of the Company
“EPC”	engineering, procurement and construction

“EPC Contract”	the EPC contract entered into between Jingneng Yuanjiang and the Consortium dated 10 January 2024 in relation to the construction of the EPC Project
“EPC Project”	the agricultural-photovoltaic complementary photovoltaic power generation project located in Yunnan Province, the PRC with a total planned construction capacity of 75MW
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	a person, or in the case of a company, the company or its ultimate beneficial owner(s), who is independent of and not connected with the Group and its connected persons and their respective ultimate beneficial owner(s) or their respective associates
“Jingneng Yuanjiang”	Jingneng (Yuanjiang) New Energy Co., Ltd.* (京能(元江)新能源有限公司), a company established in the PRC with limited liability and a non wholly-owned subsidiary of the Company
“Kunming Engineering”	Powerchina Kunming Engineering Corporation Limited* (中國電建集團昆明勘測設計研究院有限公司), a company established in the PRC with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“MW”	megawatt(s), which equals 1,000,000 watts
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC

“Shareholder(s)”	holder(s) of the issued share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“%”	per cent

For and on behalf of
Beijing Energy International Holding Co., Ltd.
Zhang Ping
Chairman of the Board

Hong Kong, 10 January 2024

As at the date of this announcement, the executive directors of the Company are Mr. Zhang Ping (Chairman) and Mr. Lu Zhenwei; the non-executive directors of the Company are Mr. Liu Guoxi, Mr. Su Yongjian, Mr. Li Hao and Mr. Lu Xiaoyu; and the independent non-executive directors of the Company are Ms. Jin Xinbin, Ms. Li Hongwei and Mr. Zhu Jianbiao.

* *For identification purpose only*